

# Information Memo

Member Firm Regulation



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Number 06-50  
July 3, 2006

**ATTENTION:** CHIEF EXECUTIVE OFFICER/MANAGING PARTNER,  
COMPLIANCE AND LEGAL DEPARTMENTS

**TO:** ALL MEMBER ORGANIZATIONS

**SUBJECT:** EFFECTIVE DATES FOR SECTION 312 OF THE USA PATRIOT  
ACT

Section 312 of the USA PATRIOT Act requires U.S. financial institutions, including broker dealers, to establish due diligence policies, procedures, and controls reasonably designed to detect and report money laundering through correspondent accounts and private banking accounts that U.S. financial institutions establish or maintain for non-U.S. persons. Correspondent accounts, in this context, include any account established for a foreign financial institution to receive deposits from, or to make payments or other disbursements on behalf of, the foreign financial institution, or to handle other financial transactions related to such foreign financial institution.

On December 21, 2005 the U.S. Treasury Department and the Financial Crimes Enforcement Network ("FinCEN") issued a "final rule" regarding section 312 which sets forth the requirements regarding the due diligence and special due diligence programs for private banking accounts, and due diligence for correspondent accounts for non-U.S. persons.

As a reminder to all member organizations, these provisions become effective July 5, 2006 with respect to all "new accounts" established after that date. The provisions become effective October 2, 2006 with respect to all "existing accounts" opened prior to July 5, 2006.

Information regarding section 312, including the final rule release and a section 312 Fact Sheet, can be found at <http://www.fincen.gov/section312.pdf>.

Questions regarding this Information Memo may be directed to Stephen Kasprzak at (212) 656-5226.

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